

CIT's Role in Technology-Based Economic Development Overview

Unlike other departments, agencies and authorities engaged in economic development activity in the Commonwealth, the Center for Innovative Technology was created in 1985 as a non-profit organization to foster research and development, innovation, and accelerate the next generation of technology and technology companies. According to State Code (§ 2.2-2219), the governing Authority was created to:

(i) promote the economic development of the Commonwealth by attracting and retaining high technology jobs and businesses in Virginia; (ii) increase industry competitiveness by supporting the application of innovative technologies that improve productivity and efficiency; (iii) mobilize support for high technology industries to commercialize new products and processes, including organizing assistance for small business and supporting select industry sectors and regional high technology efforts; (iv) enhance and expand the scientific and technological research and development capabilities of the institutions of higher education in the Commonwealth and coordinate such capabilities with the scientific and technological research and development activities and requirements of the public and private sectors, including transferring technological advances to the private sector; (v) expand knowledge pertaining to scientific and technological research and development among public and private entities; (vi) attract research and development (R&D) facilities and contracts from the federal government and private sector, including coordinating efforts to identify and compete for large federal and private sector R&D facilities, tracking federal technology initiatives and recommending state actions, and developing a statewide strategy to compete for large R&D contracts; and (vii) facilitate and coordinate the marketing, organization, utilization and development of scientific and technological research and development in the Commonwealth.

In 2009, the General Assembly and Governor Kaine created the Innovation and Entrepreneurship Investment Authority (IEIA). The legislation consolidated two existing entities with research and development (R&D)-related responsibilities – the Innovative Technology Authority and the Virginia Research and Technology Advisory Commission – into a single authority — the IEIA. The new Authority continues the work of the ITA, with the added duty of creating a strategic R&D roadmap for the Commonwealth.

CIT carries out its mission through four service lines: CIT Entrepreneur, CIT R&D, CIT Connect and CIT Broadband.

CIT Entrepreneur consists of the CIT GAP Funds, a family of seed stage investment programs that leverage public and private investments to launch new high expectation companies. Its due diligence and investment process is overseen by an Investment Advisory Board, comprised of CIT officials, and experienced entrepreneurs and venture capital investors. Since its launch, CIT GAP Funds has invested almost \$3.6 million to create 36 companies that, in turn, were able to attract an additional \$47 million in private equity. (For a list of portfolio companies, please go to <http://www.citgapfunds.org/>.)

In addition to the GAP Funds, CIT helps entrepreneurs with its Federal Funding Assistance Program that identifies and accelerates opportunities for small technology firms to obtain federal R&D awards – about \$120 million in federal funds annually.

The CIT Connect and CIT R&D service lines work with entrepreneurs by linking them to large purchasers of innovation and technology and bringing them into teams of university and commercial partners to develop research projects that solve societal challenges in areas like homeland security, alternative energy exploration, e-learning and electronic health records.

Also, the CIT Broadband service line helps local and regional jurisdictions develop and find funding for broadband deployment, a key infrastructure requirement in Southside and Southwest Virginia, and the Eastern Shore that strengthens economic development for entrepreneurs and innovators in those areas. (For more details about CIT service lines, go to <http://www.cit.org/about-us/annual-reports>.)

Lastly, CIT is working with Virginia's ten regional technology councils to develop the first Commonwealth Innovation Index, a strategic road map to the Innovation Economy that more carefully targets public and private investments in innovative and emerging technology clusters that will yield sustainable job growth. (For a copy of the Phase I Report, go to <http://www.cit.org/innovation-index>.)

Included in this briefing book are the following materials: 1) 2010 CIT Operations Plan; 2) a McDonnell Transition Paper advanced by the Technology Group; 3) a summary of the Commonwealth Innovation Index; and 4) a brief summary of legislation governing technology-based economic development.